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April 29, 2005

To: Supervisor Gloria Molina, Chair
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Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

WASHINGTON, D.C. UPDATE

HOMELAND SECURITY GRANT FUNDING

This memorandum is to provide your Board with an update on the latest status of homeland security grant legislation, S. 21 (Collins, R-ME) and H.R. 1544 (Cox, R-CA), which would revamp how homeland security funds are awarded. The Senate Homeland Security and Governmental Affairs Committee approved S. 21 on April 13, 2005, and the House Homeland Security Committee approved H.R. 1544 on April 21, 2005. Neither committee has released the committee report and legislative language for their respective bills, as approved in committee. Our analysis is based on available draft bill language, some of which is subject to differing interpretation.

Current Funding Allocations: Under the current state homeland security grant allocation formula, 0.75% of total funding is allotted to each state with remaining funds allotted on a per capita basis. As a result, California receives only 8% of total state formula grant funding even though it accounts for 12% of the total U.S. population. Urban Area Security Initiative (UASI) funding to high-threat urban areas, such as the County, however, is allocated based on terrorist threats and risks, as determined by the Department of Homeland Security (DHS). Under the UASI formula, California received a combined total of 17.3% of total UASI funding. The Bush Administration and the 9/11 Commission both support allocating all homeland security funding based on terrorist threats and risks.

Funding Allocations under S. 21: The Senate bill would allocate all homeland security funding based on terrorist threats and risks, except that about 40% of total funding would be used to provide each state with a sliding baseline allocation ranging from a minimum of 0.55% to a high of 3.0% for California. The dollar amount of the bill's small state minimum (SSM), however, actually would be higher than current law because the 0.55% SSM would be applied to all funding, including UASI funding that currently is not subject to the SSM. For example, under the President's proposed Federal Fiscal Year (FFY) 2006 funding levels, each state would receive at least \$12.21 million, compared to \$7.65 million under current law.

The potential benefit for the County from increased state homeland security formula grant funding could be more than offset by reduced UASI funding. The bill, in effect, would limit UASI funding to no more than 30% of combined UASI and state formula grant funding, compared to UASI's 37% share of total funding in FFY 2005 and 55% of total funding in the President's FFY 2006 Budget. S. 21 also would allow local jurisdictions in the 100 largest metropolitan statistical areas to apply for UASI funds, which is more than double the number of urban areas receiving UASI funds. This could mean less funding for existing high-threat urban areas, such as the County's.

Funding Allocations under H.R. 1544: The Cox bill would allocate all homeland security funding based on terrorist threats and risks, except for a SSM of either 0.25% or 0.45%, with the higher SSM for any state which has an international border or adjoins international waters. All states, in effect, would receive at least 0.45% of total funding except for South Dakota and Wyoming, which would receive 0.25%. H.R. 1544 could be interpreted as applying the SSM percentage to UASI as well as other homeland security grant funding. If so, the aggregate dollar amount of the SSM could end up being higher than current law, thereby reducing the amount of funding that California, otherwise, would receive.

The potential impact of H.R. 1544 on funding for the State and County is highly uncertain. This is because the bill reads as if homeland security funding would be awarded through a competitive grant application process in which applicants are not provided their formula grant awards before submitting applications as is currently the case. Broadly defined regions as well as states would be allowed to submit grant applications, but DHS would be authorized to reject a region's application. The definition of region is so broad that there could be multiple regions in the County and the County could be included in a region with one or more neighboring counties.

In summary, while both bills would allocate funding based on terrorist threats and risks, they have small state minimum requirements that would result in many states continuing to receive a greater share of total funding relative to their share of terrorist threats and risks.

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We will continue to keep you advised.

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c: Executive Officer, Board of Supervisors
 County Counsel
 All Department Heads
 Legislative Strategist